

**SCHEDULES
IA 126/130**

41-126
625-0321

**SCHEDULE IA 126 — IOWA NONRESIDENT
AND PART-YEAR RESIDENT CREDIT**

1996

Name(s) as shown on page 1 of Form IA 1040

Social Security Number

WHO MUST FILE IA 126

All nonresidents of Iowa with income from Iowa sources and all part-year residents must file this schedule.

Iowa requires that all nonresidents and part-year residents of Iowa report their net income for the entire year from all sources on line 26 of Form IA 1040. Iowa tax must be figured on this amount less allowable deductions and exclusions. The nonresident and part-year resident credit is computed on the portion of Iowa tax which is not attributable to income from Iowa sources. This credit is then subtracted from the amount of computed tax.

ATTACH the IA 126, all other required schedules and A COPY OF YOUR FEDERAL RETURN to your Iowa return.

MARK THE APPROPRIATE BOX FOR YOU AND YOUR SPOUSE

You are a nonresident of Iowa ☐

Your spouse is a nonresident of Iowa ☐

You are a part-year resident of Iowa ☐

Your spouse is a part-year resident of Iowa ☐

Date moved into Iowa _____
AND/OR

Date moved into Iowa _____
AND/OR

Date moved out of Iowa _____

Date moved out of Iowa _____

See page 17 of IA1040 instructions to determine Iowa Source Income.

1. WAGES, SALARIES, TIPS, ETC.
2. TAXABLE INTEREST INCOME
3. DIVIDEND INCOME
4. ALIMONY RECEIVED
5. BUSINESS INCOME or (loss)
6. CAPITAL GAIN or (loss)
7. OTHER GAINS or (losses)
8. TAXABLE IRA DISTRIBUTIONS
9. TAXABLE PENSIONS AND ANNUITIES
10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, ETC.
11. FARM INCOME or (loss)
12. UNEMPLOYMENT COMPENSATION (Insurance)
13. TAXABLE SOCIAL SECURITY BENEFITS
14. OTHER INCOME
15. **GROSS INCOME** (add lines 1-14)
16. PAYMENTS TO AN IRA, KEOGH OR SEP
17. DEDUCTION FOR SELF-EMPLOYMENT TAX
18. HEALTH INSURANCE DEDUCTION
19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS
20. ALIMONY PAID
21. PENSION/RETIREMENT INCOME EXCLUSION
22. MOVING EXPENSE DEDUCTION
23. IOWA CAPITAL GAINS DEDUCTION
24. OTHER ADJUSTMENTS
25. TOTAL ADJUSTMENTS (add lines 16 - 24)
26. **IOWA NET INCOME** (subtract line 25 from line 15)
27. ALL SOURCE NET INCOME from line 26, IA 1040

IOWA SOURCE INCOME		
B. Spouse-filing status 3 only	A. You or joint	
1.	.00	.00
2.	.00	.00
3.	.00	.00
4.	.00	.00
5.	.00	.00
6.	.00	.00
7.	.00	.00
8.	.00	.00
9.	.00	.00
10.	.00	.00
11.	.00	.00
12.	.00	.00
13.	.00	.00
14.	.00	.00
15.	.00	.00
16.	.00	.00
17.	.00	.00
18.	.00	.00
19.	.00	.00
20.	.00	.00
21.	.00	.00
22.	.00	.00
23.	.00	.00
24.	.00	.00
25.	.00	.00
26.	.00	.00
27.	.00	.00
100.0%	100.0%	

28. IOWA INCOME PERCENTAGE. (divide line 26 by line 27 and enter percentage) ...
29. NONRESIDENT/PART-YEAR RESIDENT CREDIT PERCENTAGE
(subtract the percentage on line 28 from 100.0%)
30. IOWA TAX ON TOTAL INCOME (line 43, Form IA 1040)
31. TOTAL CREDITS (line 50, Form IA 1040)
32. TAX AFTER CREDITS. (subtract line 31 from line 30)
33. NONRESIDENT/PART-YEAR RESIDENT TAX CREDIT.
(multiply line 32 by the percentage on line 29)

28. % %
29. % %
30. .00 .00
31. .00 .00
32. .00 .00
33. .00 .00

ENTER THIS AMOUNT ON LINE 52 OF IA 1040

INSTRUCTIONS FOR SCHEDULE IA 126

Schedule IA 126 is only for nonresidents and part-year residents (taxpayers who moved into or out of Iowa during 1996). It is used to calculate the nonresident and part-year resident credit to be entered on line 52 of the IA 1040.

All nonresidents and part-year residents of Iowa must use Schedule IA 126 to compute their total Iowa net incomes. For nonresidents, Iowa net income will include all income from Iowa sources. For part-year Iowa residents, Iowa net income includes all income received while living in Iowa plus any Iowa-source income received while a nonresident.

Nonresidents and part-year residents are required to include copies of their Federal income tax returns with their Iowa returns. Almost all items on the IA 126 are taxed in the same manner for Iowa as for Federal.

Complete lines 1-26 of the IA 126 using only income from Iowa sources. Lines 1-26 of the IA 1040 must be completed using all-source income.

Enter the amount of credit from line 33, IA 126 on line 52, IA 1040.

MARRIED SEPARATE FILERS: Divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers.

1. WAGES, SALARIES, TIPS, ETC.

PART-YEAR RESIDENTS must include all W-2 income earned while an Iowa resident and any income for services performed in Iowa while a nonresident of the state.

NONRESIDENTS: Allocate to Iowa only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

2. TAXABLE INTEREST INCOME.

PART-YEAR RESIDENTS must report all interest shown on the IA 1040 which was accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business or profession carried on within Iowa.

NONRESIDENTS: Report only that interest derived from an Iowa trade, business or profession.

3. DIVIDEND INCOME.

PART-YEAR RESIDENTS must report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business or profession while a nonresident.

NONRESIDENTS: Allocate to Iowa only those dividends derived from an Iowa trade, business or profession.

4. ALIMONY RECEIVED.

PART-YEAR RESIDENTS must include all alimony or separate maintenance payments received while an Iowa resident.

NONRESIDENTS: Alimony and separate maintenance payments received from an Iowa resident by a nonresident are not Iowa-source income.

5. BUSINESS INCOME OR (LOSS).

PART-YEAR RESIDENTS must include all Schedule C or C-EZ income earned while an Iowa resident and any portion of business income or loss earned while a nonresident attributable to a business conducted in Iowa.

NONRESIDENTS: Allocate to Iowa only that portion of business income or loss attributable to a business conducted in Iowa. Attach a supporting schedule showing Iowa gross receipts divided by total gross receipts; multiply this ratio times the total net income from Schedule C or C-EZ. A sale is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of F.O.B. point.

6. CAPITAL GAIN OR (LOSS).

PART-YEAR RESIDENTS are to include 100% of the capital gains or losses from assets sold during the time they were Iowa residents. In addition, capital gains or losses from assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

NONRESIDENTS: Include in Iowa income 100% of capital gains or losses from the following:

- Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or
- Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

7. OTHER GAINS OR (LOSSES).

PART-YEAR RESIDENTS report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from Federal Form 4797 while a nonresident if the property was located in Iowa.

NONRESIDENTS: Allocate to Iowa any gains or losses from Federal Form 4797 if the property was located in Iowa.

8. TAXABLE IRA DISTRIBUTIONS.

PART-YEAR RESIDENTS report any taxable IRA distributions received while an Iowa resident.

NONRESIDENTS: Iowa-source IRA distributions received by a nonresident are not taxable to Iowa.

9. TAXABLE PENSIONS AND ANNUITIES.

PART-YEAR RESIDENTS report any pension and annuity income reported on line 9 of the IA 1040 which was received while an Iowa resident.

NONRESIDENTS: Iowa-source pension and annuity incomes received by a nonresident are not taxable to Iowa.

10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.

PART-YEAR RESIDENTS include all income shown on Federal Schedule E which was earned or received while an Iowa resident and all rents and royalties from Iowa sources and partnerships or S Corporation income earned or received while a nonresident.

NONRESIDENTS: Allocate to Iowa all rents and royalties from Iowa sources and all Iowa partnership or S Corporation income. See instructions for allocation of business income on line 5 of this section.

11. FARM INCOME OR (LOSS).

PART-YEAR RESIDENTS include all net farm income earned or received while an Iowa resident. Also include all net income from Iowa farm activities while a nonresident using the instructions for nonresidents given below.

NONRESIDENTS: Include the total net income from the Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

12. UNEMPLOYMENT COMPENSATION.

PART-YEAR RESIDENTS report all employment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

NONRESIDENTS: Allocate to Iowa the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa on the basis of the Iowa salaries and wages to the total salary and wages.

13. TAXABLE SOCIAL SECURITY BENEFITS.

PART-YEAR RESIDENTS report any Social Security income reported on line 13 of the IA 1040 which was received while an Iowa resident.

NONRESIDENTS: Iowa-source Social Security income received by a nonresident is not taxable to Iowa. Nonresidents do not enter anything on this line.

14. OTHER INCOME.

PART-YEAR RESIDENTS include any income on line 14 of IA 1040 which was received while an Iowa resident or income from Iowa sources while a nonresident. See the instructions for line 14 of IA 1040 for a list of income items that are reported on line 14 of IA 126.

NONRESIDENTS: Include all other taxable income from Iowa sources such as Iowa modifications to partnership income and/or S Corporation income.

15. GROSS INCOME. Add lines 1 through 14 and enter the total.

16. PAYMENTS TO AN IRA, KEOGH OR SEP. Deduct the portion of payments to an IRA, Keogh or SEP plan in the ratio of earned income allocated to Iowa to total earned income.

17. ONE-HALF OF SELF-EMPLOYMENT TAX. Deduct the portion of this amount allowed on your Federal return in the ratio of your Iowa self-employment income to your total self-employment income.

18. HEALTH INSURANCE DEDUCTION. The deduction for health insurance premiums is calculated based upon how those premiums are paid:

a. Self-employed. Multiply 100% of the health insurance premiums paid by a self-employed individual by the ratio of Iowa self-employment income to total self-employment income.

b. Deducted through wages. Multiply 100% of the health insurance premiums paid through your wages by the ratio of Iowa wages to total wages.

c. Paid direct by taxpayer. Multiply 100% of the health insurance premiums that you pay direct by the ratio of your Iowa net income to total net income.

19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS. Deduct this penalty from Iowa income in the same ratio as interest income from the account was allocated to Iowa on line 2.

20. ALIMONY PAID. Deduct alimony paid in the ratio of Iowa gross income to total gross income.

21. PENSION/RETIREMENT INCOME EXCLUSION. The exclusion taken on line 21 of the IA 1040 must be prorated by the ratio of taxable retirement income received while an Iowa resident to total taxable retirement income for the year. See the instructions for line 21 of the IA 1040 for information on which incomes are covered by this exclusion.

22. MOVING EXPENSES.

PART-YEAR RESIDENTS who moved **into** Iowa can enter any moving expenses from line 22 of the IA 1040 that relate to the move to Iowa. Part-year residents moving out of Iowa cannot take any deduction on this line.

NONRESIDENTS: You cannot take any deduction on this line.

23. IOWA CAPITAL GAIN DEDUCTION. Enter 45% of qualifying capital gains that are attributable to Iowa sources. See Form IA 100 for instructions and attach the form to your return.

24. OTHER ADJUSTMENTS. Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

25. TOTAL ADJUSTMENTS. Add lines 16 through 24 and enter the total.

26. IOWA NET INCOME. Subtract line 25 from line 15 and enter the difference on this line. If line 26 is less than \$1,000 and you are not subject to Iowa lump-sum or minimum tax, stop here. You are exempt from Iowa income tax. If line 26 is \$1,000 or more, complete lines 27 through 33 of this schedule.

27. ALL-SOURCE NET INCOME. Enter the amount(s) from line 26 of the IA 1040 on line 27 of the Schedule IA 126.

28. IOWA INCOME PERCENTAGE. Divide the amount(s) on line 26 by the amount(s) on line 27. Round the resulting percentage to the nearest tenth of one percent. (Example: 70.6% not 70.56%). Enter this percent on line 28. If your Iowa net income is equal to or larger than your all-source income, enter 100%.

29. NONRESIDENT/PART-YEAR RESIDENT CREDIT PERCENTAGE. Subtract the percentage on line 28 from 100% and enter the balance on line 29.

30. IOWA TAX ON TOTAL INCOME. Enter on line 30 the tax shown on IA 1040, line 43. However, if you are a single taxpayer who benefits from the tax reducing income to less than \$9,000 rule as explained on page 14, skip lines 30 and 31 and enter the reduced tax on line 32.

31. TOTAL CREDITS. Enter the total credits shown on IA 1040, line 50.

32. TAX AFTER CREDITS. Subtract line 31 from line 30.

33. NONRESIDENT/PART-YEAR RESIDENT TAX CREDIT. Multiply the amount on line 32 by the percentage on line 29. Enter the result on line 33 and on IA 1040, line 52.